

Roland Fox

Connecticut v Congo

30th November 2006

1	<b>Congo.</b>	03:55:58
2	Q. Do you know why CMS represents the royalty to	03:55:59
3	them on a monthly basis?	03:56:02
4	A. So that they have an idea as to how much	03:56:04
5	ultimately they will be entitled to receive on the next SNPC	03:56:06
6	lifting.	03:56:14
7	Q. Now, this -- this document shows that Congo	03:56:23
8	took or SNPC, on Congo's behalf, took a royalty lifting	03:56:25
9	of --	03:56:31
10	A. Sorry.	03:56:32
11	Q. Took a royalty lifting in August?	03:56:33
12	A. No. I'm not sure that's correct, actually.	03:56:35
13	Q. I think if you look on page 1564?	03:56:46
14	A. Yes, the 20th -- the 20th of September.	03:56:53
15	Q. Is that not --	03:57:01
16	A. The royalty there in paragraph 3 relates to	03:57:02
17	the September lifting.	03:57:04
18	Q. Relates to the September royalty lifting?	03:57:07
19	A. The September lifting which was partly royalty	03:57:09
20	oil and partly of SNPC working interest oil or ...	03:57:11
21	Q. Okay.	03:57:17
22	MR. LIPE: I don't want there to be any confusion.	03:57:25
23	I'm not sure that's right, Roland.	03:57:28
24	A. Am I looking? Am I looking at --	03:57:32
25	MR. LIPE: This is lifting 130.	03:57:36

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1	A. Yes, which is the -- I'm sorry, yes.	03:57:46
2	Q. 131 is the royalty lifting; correct? This	03:57:49
3	reflects 130, lifting 130; and 131 is the royalty lifting?	03:57:54
4	A. Yes. Do you have the over/under lift	03:58:02
5	statement we were looking at a minute ago?	03:58:07
6	Q. It's attached to the document at page 1571.	03:58:09
7	A. Hmm, hmm. Yeah, 131 was the royalty lifting.	03:58:13
8	Q. That would be the October -- the October	03:58:33
9	statement we looked at earlier reflects that lifting?	03:58:35
10	A. Yes.	03:58:38
11	Q. Then if you go to Exhibit 16, which is	03:59:21
12	document 1637, which I will give to you.	03:59:24
13	(Exhibit 16 marked for identification)	03:59:28
14	A. Right.	03:59:30
15	Q. And this is the statistics for March of 2006?	03:59:54
16	A. Yes. Relating to -- I'm sorry -- yes, they	04:00:05
17	are.	04:00:09
18	Q. And I'm going to give you 17 at the same time.	04:00:10
19	(Exhibit 17 marked for identification)	04:00:14
20	Q. Why don't we start with 17 and work back to	04:00:40
21	16; okay?	04:00:43
22	A. Right. Yes.	04:00:44
23	Q. 17 is the statistics for September of 2006 --	04:00:45
24	A. Hmm, hmm.	04:00:50
25	Q. Okay. And there's some handwriting in the	04:00:52

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1	right-hand side of the page. Do you know whose handwriting	04:00:56
2	that is?	04:00:59
3	A. No.	04:01:03
4	Q. You don't know what that note is referring to?	04:01:08
5	A. Well, it says the name of someone from SNPC,	04:01:11
6	we received 13th October. I'm wondering. I think that	04:01:15
7	might be the signature of Arnaud Le Blanc. I'm not sure	04:01:20
8	though.	04:01:26
9	Q. Okay. And then the royalty, paragraph 3 or	04:01:26
10	item 3, reflects a zero dollar value. Is that because	04:01:32
11	a royalty lifting was taken in August?	04:01:37
12	A. No.	04:01:46
13	Q. Why is there a zero --	04:01:46
14	A. Is that because -- was there a lifting at all	04:01:49
15	in August? I don't think there was. That's why. The	04:01:51
16	liftings took place in June and September. There was	04:01:59
17	no August lifting and therefore that's why the zero is	04:02:02
18	there.	04:02:05
19	Q. Okay. Why -- why is the zero there?	04:02:06
20	A. Because there was no lifting.	04:02:08
21	Q. There was?	04:02:10
22	A. No lifting and therefore no computation to do	04:02:11
23	a lifting on.	04:02:14
24	If you look at the under/over statement you will	04:02:21
25	see there was a lifting in April 06, a lifting in June 06	04:02:23

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1	<b>A. 100%.</b>	06:07:19
2	Q. Okay. So then at the ultimate -- ultimate --	06:07:20
3	if you could just mark that on there too, please.	06:07:25
4	<b>A. Okay.</b>	06:07:28
5	Q. The ultimate holding of the French oil group	06:07:29
6	emanates from the Perenco structure which is ultimately held	06:07:34
7	by both Perrodos?	06:07:39
8	<b>A. That's correct.</b>	06:07:41
9	Q. Hubert and --	06:07:42
10	<b>A. And Francois.</b>	06:07:43
11	Q. And Francois?	06:07:45
12	<b>A. That's correct.</b>	06:07:47
13	Q. Does Francois have any positions within the	06:07:47
14	Perenco oil group?	06:07:52
15	<b>A. He is an employee of Perenco Holdings.</b>	06:07:53
16	Q. Which is the --	06:07:57
17	<b>A. Company that employs staff in the UK.</b>	06:08:00
18	Q. Okay. And he's resident here in the UK?	06:08:04
19	<b>A. He is.</b>	06:08:08
20	Q. Okay. Do either of the Perrodo brothers have	06:08:08
21	interest in or do they sit on the Board of Congo Rep?	06:08:22
22	<b>A. No.</b>	06:08:26
23	Q. No. Do either of them have any other business	06:08:27
24	interest in Congo that you're aware of?	06:08:33
25	<b>A. No.</b>	06:08:35

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1	Q. No that you're aware of or they --	06:08:37
2	A. They have no other business interest in Congo	06:08:41
3	other than through the oil holdings which we've already	06:08:43
4	dealt with.	06:08:47
5	Q. Okay. Getting back to Lankan, Inc., which was	06:08:49
6	the Delaware Corporation --	06:08:56
7	A. Right.	06:09:00
8	Q. -- what is -- what is their corporate charter,	06:09:07
9	say in Delaware? What is their purpose for --	06:09:10
10	A. I presume it's a standard Delaware charter;	06:09:14
11	I can't imagine it's got anything special attached to it.	06:09:17
12	Q. From a practical standpoint, what is -- what	06:09:21
13	is Lankan -- where does Lankan fit within oil -- the Perenco	06:09:26
14	oil business structure? What is -- what is Lankan's	06:09:32
15	purpose?	06:09:41
16	A. If we're talking about the Delaware company,	06:09:41
17	it was the vehicle that was used to acquire CMS Oil and Gas	06:09:44
18	(International) Company.	06:09:49
19	Q. And it was set up by Perenco prior to --	06:09:50
20	A. For the purposes of the acquisition.	06:09:53
21	Q. Okay. Okay. And then CMS Nomeco Congo, Inc.,	06:09:56
22	that is now the Bahamas corporation which was a Delaware	06:10:12
23	LLC; right?	06:10:15
24	A. That's correct, yes.	06:10:17
25	Q. Why did CMS Inc. move to the Bahamas?	06:10:30

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1           **A. It's a more taxable -- more tax beneficially** 06:10:33  
2           **place to operate out of. All our companies normally are** 06:10:37  
3           **Bahamas based corporations; and it ensures we would not have** 06:10:41  
4           **to spend further money on being subject to new garnishment** 06:10:45  
5           **writs in the US.** 06:10:51

6           **Q. And that was done despite the institution of** 06:10:54  
7           **two lawsuits -- at least two lawsuits in Delaware of which** 06:10:56  
8           **I'm aware -- of this lawsuit and a lawsuit that was started** 06:11:00  
9           **by a company called Walker International?** 06:11:06

10           **A. The conversion and continuance in the Bahamas** 06:11:08  
11           **has no impact on the existing lawsuits in Delaware; that has** 06:11:14  
12           **already been stated to you in this case. I think Mr. Lipe** 06:11:21  
13           **sent you an e-mail saying this was a possibility and** 06:11:24  
14           **confirmed it would have no impact whatsoever on the existing** 06:11:27  
15           **lawsuits.** 06:11:31

16           **Q. So is it CMS's position that for the -- for** 06:11:32  
17           **this case if judgment is rendered in favor of Af-Cap they** 06:11:37  
18           **will have no impediment to collecting the judgment from CMS?** 06:11:46

19           **A. The -- I can't think of any that there would** 06:11:53  
20           **be. There's -- this move was intended to have no impact** 06:11:56  
21           **whatsoever on the existing garnishment litigation. It was** 06:12:01  
22           **one of the reasons for the move was to ensure that we** 06:12:06  
23           **didn't -- we weren't subject to new garnishment litigation.** 06:12:09  
24           **Having spent \$3 million in legal fees, there comes a time** 06:12:14  
25           **when you have to say you've had enough.** 06:12:18